FAIR WORK COMMISSION

1 December 2016

Mr Suresh Manickam
National Secretary/CEO
The National Electrical Contractors Association

By email: necanat@neca.asn.au

Dear Mr Manickam

Re: Lodgement of Financial Statements and Accounts – The National Electrical Contractors Association (National Office) - for year ended 30 June 2016 (FR2016/280)

I refer to the financial report for the National Office of The National Electrical Contractors Association. The report was lodged with the Fair Work Commission on 28 November 2016.

The financial report has been filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2017 may be subject to an advanced compliance review.[1]

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via this link.

Should you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or 0429 462 979 or by email at stephen.kellett@fwc.gov.au

Yours sincerely

Stephen Kellett

Stephen Kellett
Senior Adviser
Regulatory Compliance Branch

[1] The full range of disclosure requirements that may apply can be found itemised on the advanced assessment form available at https://www.fwc.gov.au/documents/documents/organisations/factsheets/org-financial-report-checklist-advanced.pdf

From: KELLETT, Stephen
Sent: Thursday, 1 December 2016 10:27 AM
To: 'wendy.ramjee@neca.asn.au'
Subject: Attention Mr Suresh Manickam - Financial reporting - NECA National Office - y/e 30 June 2016 - filing

Dear Ms Ramjee,

Please see attached my letter in relation to the above.

Yours faithfully

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

(ph) (02) 6746 3283
(mob.) 0429 462 979
(email) stephen.kellett@fwc.gov

NECA FR2016 280
(primary final).pdf

From: Wendy Ramjee [mailto:wendy.ramjee@neca.asn.au]
Sent: Monday, 28 November 2016 11:37 AM
To: Orgs
Cc: Suresh Manickam; Kathryn Savery
Subject: ON CMS FR2016/280 Lodgement of NECA financial report for year ended 30 June 2016

Dear sir/Madam

Please see attached NECA's financial statements for year ended 30 June 2016.

Regards
Wendy
(on behalf of Suresh Manickam, Secretary, NECA)

Wendy Ramjee
Executive Assistant to CEO

national electrical and communications association

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L4,30 Atchison Street,
St Leonards NSW 2065
Locked Bag 1818
St Leonards NSW 1590

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NECA Audited financial statements y

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION (NECA)

Financial Statements

For the Year Ended 30 June 2016

FINANCIAL STATEMENTS 2015–16

Contents

Crowe Horwath™

Independent Auditor's Report to the Members of National Electrical Contractors Association National Office and Controlled Entities

Report on the financial report

We have audited the accompanying financial report of National Electrical Contractors Association and controlled entities ("the Association"), which comprises the Statement of Financial Position as at 30 June 2016, the statement of Comprehensive Income for the year then ended, Statement of Changes in Equity, Statement of Cash Flows, Statement of the Committee of Management of the National Electrical Contractors Association National Office and Controlled entities, notes comprising a summary of significant accounting policies and other explanatory information, for the year ended 30 June 2016.

Committee's responsibility for the financial report

The committee of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009, and for such internal control as the committee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the committee also states, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting obligations under the Fair Work (Registered Organisations) Act 2009. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.

Auditor's opinion

In our opinion, the general purpose report of the National Electrical Contractors Association and Controlled Entities for the year ended 30 June 2016 is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Emphasis of Matter – Going Concern

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes uncertainty in relation to the ability to continue as a going concern for four subsidiaries of NECA National. The four subsidiaries are NECA Legal Pty Ltd, NECA Training Ltd, Australian Cabler Registration Services Pty Ltd, and NECA Trade Services Pty Ltd. Our opinion is not modified in respect of this matter.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1.1 of the financial report, which describes the basis of preparation of the financial statements. The financial statements have been prepared for the purpose of fulfilling the committee of management's financial reporting responsibilities under the Fair Work (Registered Organisations) Act 2009. As a result, the financial report may not be suitable for another purpose.

Other Matters

I declare that, as part of the audit of the financial statements for the year ended 30 June 2016, I have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

I also declare that I am an approved auditor as defined in Regulation 4 of the RO Regulations

I am currently

- A fellow of the Institute of Chartered Accountants in Australia (#26502)
- A registered company auditor (#7516), and
- Hold a Certificate of Public Practice with the ICAA dated 7 March 1989

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

JOHN GAVENS
Partner

Melbourne Victoria
Dated this 25 October 2016

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2016

I, Suresh Manickam, being the Secretary of the National Electrical Contractors Association – National Office certify:

- that the documents lodged herewith are copies of the full report for the National Electrical Contractors Association – National Office for the period ended 30 June 2016 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was provided to members of the reporting unit on *25/10 /16*; and

- that the full report was presented to a general meeting of members of the reporting unit on 17/11/16 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer

Name of prescribed designated officer SURESH MANICKAM

Title of prescribed designated officer CEO AND SECRETARY

Dated: 22/11/2016.

OPERATING REPORT BY THE COMMITTEE

The committee presents its report on the reporting unit for the financial year ended 30th June 2016. The report covers the results of the National Electrical Contractors Association – National Office (the reporting unit) and controlled entities.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The reporting unit is the National Office of the organisation whose principal activities involve representing the interests of its members in the electrical and communications contracting industry. Its principal activities, and through its Chapters, include industrial relations, health and safety, legal, training, business-support services and advocacy representation with government, industry bodies, training bodies and in the industrial tribunals. A review of those activities presents the same as in the previous reporting period, such that there were no significant changes in the nature of those activities. Members are directed to the NECA 2015 Annual Review for further information.

The profit of the reporting unit and it's controlled entities for the financial year, after providing for income tax, amounted to $1,528,182 (2015: $1,440,681).

Significant changes in financial affairs

No significant change in the financial affairs of the reporting unit occurred during the year.

Significant Events

No significant events occurred relating to the reporting unit during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the reporting unit, the results of those operations, or the state of affairs of the reporting unit in future financial years.

Right of members to resign

Members may resign from the Association in accordance with Rule 11, Resignation from Membership, of the Federal rules of the National Electrical Contractors Association. Rule 11 conforms with Section 174 of the Fair Work (Registered Organisations) Act 2009.

OPERATING REPORT BY THE COMMITTEE (cont'd)

Officers & members who are superannuation fund trustees or director of a company that is a superannuation fund trustee

Name of officer/member	Position details	Is the position held because they are an officer/member of NECA or were nominated by NECA?
Reg Young	Director of NESS Super	Yes
Tony Glossop	Director of NESS Super	Yes
Chris Madson	Alternate Director of NESS Super	Yes

Number of members

The reporting unit had 4,635 (2015: 4,175) members at financial year end.

Number of employees

The reporting unit had 5.4 full time equivalent (2015: 9.15 FTE) employees at financial year end. The controlled entities had 80.4 (2015: 83.15) employees and 939 (2015: 956) apprentices and trainees.

Names of Committee of Management members and period positions held during the financial year

Alan Brown
Russell Chatfield
Anthony Damen
Bruce Duff
Jack Grego
Greg Hodby
David McInnes
Russel Thompson
Alan Charlton
John Cutler
Robert Donnelly
Michael Green
Jim Heerey
Suresh Manickam
Barry Skinner
Andrew Thorpe

Unless otherwise stated, committee members have been in office for the full financial year.

Signature of designated officer

Name and title of designated officer: SURESH MANICKAM, CEO AND SECRETARY

Dated: 25/10/16

COMMITTEE OF MANAGEMENT STATEMENT

for the period ended 30 June 2016

On the 21/10 /2016 the Committee of Management of the National Electrical Contractors Association – National Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2016:

The Committee of Management declares that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with the reporting guidelines of the General Manager;

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:

(i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

(ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

(iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

(iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

(v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and

(vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

(f) where the reporting unit has not derived revenue from undertaking recovery of wages activity, include the statement 'no revenue has been derived from undertaking recovery of wages activity during the reporting period' or

(g) where the reporting unit has derived revenue from undertaking recovery of wages activity:

(i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and

(ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and

(iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and

(iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and

(v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer

Name and title of designated officer SURESH MANICKAM, CEO AND SECRETARY

Dated: 25/10/16

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Revenue					
Membership subscription		**-**	-	**-**	-
Apprentice hire fees & traineeship		**58,728,752**	55,863,957	**-**	-
Sale of Products and Services		**1,742,671**	913,034	**-**	-
Licence Revenue		**605,826**	597,076		
Capitation fees	3A	**975,555**	960,842	**975,555**	960,842
Levies		**-**	-	**-**	-
Interest	3B	**324,236**	385,100	**32,000**	36,698
Insurance Commission		**139,024**	168,194	**-**	
Rental revenue		**-**	-	**-**	-
Other revenue		**-**	-	**-**	-
Total revenue		**62,516,064**	58,888,203	**1,007,555**	997,540
Other Income					
Grants and/or donations	3C	**2,014,742**	1,586,048	**-**	-
Project Income		**393,493**	3,468,870	**393,493**	3,468,870
Other Income		**1,016,570**	838,330	**935,993**	403,791
Total other income		**3,424,805**	5,893,248	**1,329,486**	3,872,660
Total income		**65,940,869**	64,781,451	**2,337,041**	4,870,201
Expenses					
Employee expenses	4A	**56,478,770**	54,017,308	**806,412**	785,989
Capitation fees		**-**	-	**-**	-
Affiliation fees	4B	**45,482**	42,614	**45,482**	42,614
Administration expenses	4C	**5,863,742**	4,426,150	**955,426**	409,416
Grants or donations		**-**	-	**-**	-
Depreciation and amortisation	4D	**503,756**	554,939	**4,548**	6,056
Finance costs	4E	**37,008**	380	**-**	-
Legal costs	4F	**71,940**	(4,855)	**10,869**	(11,256)
Audit fees	14	**120,242**	110,421	**39,996**	39,350
Loss on sale of assets	4G	**86,295**	86,673	**-**	-
Other expenses	4H	**1,190,400**	4,105,288	**469,184**	3.585,557
Total expenses		**64,397,635**	63,338,918	**2,331,917**	4,857,726
Profit (loss) for the year before tax		**1,543,234**	1,442,534	**5,124**	12,475
Income Tax Expense	6E	**15,052**	1,852	**-**	-
Profit (loss) for the year		**1,528,182**	1,440,681	**5,124**	12,475
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss		**-**	-	**-**	-
Gain/(Loss) on revaluation of land & buildings		**(669,280)**	(699,780)	**-**	-
Total comprehensive income for the year		**858,902**	740,901	**5,124**	12,475

The above statement should be read in conjunction with the notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
ASSETS					
Current Assets					
Cash and cash equivalents	5A	**7,144,675**	5,972,200	**316,394**	428,427
Trade and other receivables	5B	**7,835,555**	8,572,264	**113,649**	652,898
Inventory		**59,708**	-	**-**	-
Other current assets	5C	**7,604,108**	6,266,183	**987,057**	959,038
Total current assets		**22,644,046**	20,810,647	**1,417,100**	2,040,363
Non-Current Assets					
Land and buildings	6A	**9,080,385**	9,443,745	**-**	-
Plant and equipment	6B	**847,840**	1,173,078	**5,018**	9,570
Intangibles	6C	**1,954**	19,646	**-**	-
Other investments	6D	**-**	-	**104**	104
Deferred tax assets	6E	**280,296**	285,987	**-**	-
Total non-current assets		**10,210,475**	10,922,456	**5,122**	9,674
Total assets		**32,854,521**	31,733,103	**1,422,222**	2,050,037
LIABILITIES					
Current Liabilities					
Trade payables	7A	**2,593,505**	2,551,391	**101,589**	456,715
Other payables	7B	**2,549,608**	2,325,302	**41,850**	314,648
Employee provisions	8A	**3,499,724**	3,516,084	**70,806**	78,897
Total current liabilities		**8,642,837**	8,392,777	**214,245**	850,260
Non-Current Liabilities					
Employee provisions	8A	**63,790**	81,111	**5,986**	2,906
Other non-current liabilities	9A	**382,077**	352,301	**-**	-
Total non-current liabilities		**445,867**	433,412	**5,986**	2,906
Total liabilities		**9,088,704**	8,826,189	**220,331**	853,166
Net assets		**23,765,817**	22,906,914	**1,201,991**	1,196,871
EQUITY					
Asset Revaluation Reserve	10A	**1,570,276**	2,239,555	**-**	-
Retained earnings (accumulated deficit)		**22,195,541**	20,667,359	**1,201,991**	1,196,871
Total equity		**23,765,817**	22,906,914	**1,201,991**	1,196,871

The above statement should be read in conjunction with the notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

Consolidated	Notes	Asset Revaluation Reserve $	Retained earnings $	Total equity $
Balance as at 1 July 2014		2,939,336	19,226,676	22,166,012
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Profit for the year		-	1,440,683	1,440,683
Other comprehensive income for the year		(699,780)	-	(699,780)
Transfer to/from Reserves	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2015		**2,239,556**	**20,667,359**	**23,906,915**
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Profit for the year		-	1,528,182	1,528,182
Other comprehensive income for the year	10A	(669,280)	-	(669,280)
Transfer to/from Reserves		-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2016		**1,570,276**	**22,195,139**	**23,765,815**

Parent	Notes	Asset Revaluation Reserve $	Retained earnings $	Total equity $
Balance as at 1 July 2014		-	1,184,392	1,184,392
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Profit/(Loss) for the year		-	12,475	12,475
Other comprehensive income for the year		-	-	-
Transfer to/from Reserves	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2015		**-**	**1,196,867**	**1,196,867**
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Profit for the year		-	5,124	5,124
Other comprehensive income for the year				
Transfer to/from Reserves	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2016		**-**	**1,201,991**	**1,201,991**

The above statement should be read in conjunction with the notes.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated		Parent	
		2016	2015	**2016**	2015
OPERATING ACTIVITIES	Notes	**$**	$	**$**	$
Cash received					
Receipts from other reporting units/controlled entities	11B	**1,357,933**	2,216,426	**1,470,121**	1,555,328
Receipts from customers		**65,493,672**	60,501,458	**1,374,169**	2,866,656
Interest		**324,236**	385,099	**32,000**	36,699
Cash used		**67,175,841**	63,102,983	**2,876,290**	4,458,683
Payments to Employees & Suppliers		**(62,835,160)**	(59,600,507)	**(2,507,583)**	(2,430,090)
Net Income Tax Paid		**(15,052)**	(1,852)	**-**	-
Payment to other reporting units/controlled entities	11B	**(1,226,522)**	(3,505,088)	**(452,721)**	(2,699,875)
Net cash from (used by) operating activities	11A	**3,099,107**	(4,464)	**(84,014)**	(671,282)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale of plant and equipment		**5,102**	20,000	**-**	-
Proceeds from sale of land and buildings		**-**	1,947,975	**-**	-
Proceeds from sale of investment/Non-current assets		**-**	-	**-**	-
		5,102	1,967,975	**-**	-
Cash used					
Purchase of plant and equipment		**(608,861)**	-	**-**	(8,166)
Purchase of land and buildings		**-**	(282,861)	**-**	-
Purchase of investment/Non-current assets		**-**	(104,204)	**-**	-
Net cash from (used by) investing activities		**(603,759)**	1,580,910	**-**	(8,166)
FINANCING ACTIVITIES					
Cash received					
Contributed equity/Other		**-**	-	**-**	-
Cash used					
Repayment of borrowings		**-**	-	**-**	-
Purchase of term deposit		**(1,322,873)**	(1,534,038)	**(28,019)**	(24,037)
Net cash from (used by) financing activities		**(1,322,873)**	(1,534,038)	**(28,019)**	(24,037)
Net increase (decrease) in cash held		**1,172,475**	42,408	**(112,033)**	(703,485)
Cash & cash equivalents at the beginning of the reporting period		**5,972,200**	5,929,792	**428,427**	1,131,912
Cash & cash equivalents at the end of the reporting period	5A	**7,144,675**	5,972,200	**316,394**	428,427

The above statement should be read in conjunction with the notes.

RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cash assets in respect of recovered money at beginning of year	**-**	-	**-**	-
Receipts				
Amounts recovered from employers in respect of wages etc.	**-**	-	**-**	-
Interest received on recovered money	**-**	-	**-**	-
Total receipts	**-**	-	**-**	-
Payments				
Deductions of amounts due in respect of membership for:				
12 months or less	**-**	-	**-**	-
Greater than 12 months	**-**	-	**-**	-
Deductions of donations or other contributions to accounts or funds of:				
The reporting unit:				
name of account	**-**	-	**-**	-
name of fund	**-**	-	**-**	-
Name of other reporting unit of the organisation:				
name of account	**-**	-	**-**	-
name of fund	**-**	-	**-**	-
Name of other entity:				
name of account	**-**	-	**-**	-
name of fund	**-**	-	**-**	-
Deductions of fees or reimbursement of expenses	**-**	-	**-**	-
Payments to workers in respect of recovered money	**-**	-	**-**	-
Total payments	**-**	-	**-**	-
Cash assets in respect of recovered money at end of year	**-**	-	**-**	-
Number of workers to which the monies recovered relates	**-**	-	**-**	-
Aggregate payables to workers attributable to recovered monies but not yet distributed				
Payable balance	**-**	-	**-**	-
Number of workers the payable relates to	**-**	-	**-**	-
Fund or account operated for recovery of wages	**-**	-	**-**	-

Index to the Notes of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1 Summary of significant accounting policies

The financial statements cover the National Electrical Contractors Association (NECA) as a consolidated entity. The National Electrical Contractors Association ("NECA") is an association of employers registered under the Fair Work (Registered Organisations) Act 2009.

1.1 Going Concern

NECA Legal Pty Ltd
NECA Legal Pty Ltd has a net assets deficiency of $521,180 as at 30 June 2016. The net assets deficiency is due to NECA Legal having a loan payable to NECA NSW Chapter amounting to $607,458. NECA Legal has received a guarantee of continuing financial support from NECA National Office to allow the company to meet its liabilities.
NECA Training Ltd
NECA Training Ltd has a net assets deficiency of $202,973 as at 30 June 2016. The net assets deficiency is due to NECA Training Ltd having a loan payable to NECA NSW Chapter amounting to $305,000. NECA Training Ltd has received a guarantee of continuing financial support from NECA National Office to allow the company to meet its liabilities.
Australian Cabler Registration Services Pty Ltd
ACRS has incurred a net profit after tax amounting to $35,120 for the year ended 30 June 2016 and a net profit after tax amounting to $22,100 for the year ended 30 June 2015. NECA National Office, as the parent, has provided a letter of support which will allow the company to pay its debts as and when they fall due.
NECA Trade Services Pty Ltd
NECA Trade Services Pty Ltd commenced trading during this financial year has a net assets deficiency of $183,404 as at 30 June 2016. The net assets deficiency is due to NECA Trade Services Pty Ltd being in its first year of trading having a loan payable to NECA NSW Chapter of $300,000. NECA Trade Services Pty Ltd has received a guarantee of continuing financial support from NECA National Office to allow the company to meet its liabilities.

Notwithstanding the above factors, National Electrical Contractors Association and its controlled entities have made a consolidated profit of $1,528,182 and have a positive consolidated working capital of $14,001,209. The committee is therefore confident that NECA can access funding to provide financial support to the above four controlled entities which will enable them to pay their debts as and when they fall due. The financial support will continue to be made available until at least 12 months from the date of signing of these consolidated financial statements.

1.2 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, NECA is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.3 Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.4 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements
No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year..

1.6 Basis of consolidation

Pursuant to section 242 of the Fair Work (Registered Organisations) Act 2009 where an organisation is divided into branches, each branch will be a reporting unit unless a certificate is issued by the General Manager stating that the organisation is, for the purpose of compliance with that Part of the Act, divided into reporting units on an alternative basis. Alternative reporting units are:

(a) the whole of the organisation; or

(b) a combination of 2 or more branches of the organisation.

Each branch of an organisation must be in one, and only one, reporting unit.

All state chapters of NECA are separate reporting units. All other controlled entities are consolidated in the NECA National consolidation and are treated as one reporting unit.

Pursuant to section 253, as soon as practicable after the end of each financial year, a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year. These GPFR are required to comply with Tier 1 reporting requirements of AASB 1053.

For purposes of the consolidation, the parent comprises the National Electrical Contractors Association - National Office and the subsidiaries and associates of NECA National that are not otherwise required to report as separate reporting units. Refer to note 17 for the entities comprising this reporting unit.

In preparing the consolidated financial statements, all inter group balances and transactions between entities in the Association have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.7 Investment in associates and joint arrangements

Investments in associates are recognised in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the reporting unit's share of net assets of the associate entity. In addition, the reporting unit's share of the profit or loss of the associate company is included in the reporting unit's profit or loss.

Profits and losses resulting from transactions between the reporting unit and the associate are eliminated to the extent of the reporting unit's interest in the associate.

When the reporting unit's share of losses in an associate equals or exceeds its interest in the associate, the reporting unit discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the reporting unit will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the reporting unit's investments in associates are shown at Note 17.

1.8 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from the rendering of services is recognised upon the delivery of the service to the customer.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Contributions for the ElectroComms Contracting Foundation are recognised as revenue when the right to receive a contribution has been established.

Licence fees received in advance are carried forward as a liability in the Balance Sheet to be amortised into income for the relevant years. Licence revenue for 1 year & 3 year licences is recognised proportionally over the period to which it relates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.9 Government grants

Government grants are not recognised until there is reasonable assurance that the reporting unit will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the reporting unit recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the [*reporting unit*] should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the reporting unit with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.10 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.11 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.12 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.14 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.15 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

1.16 Financial instruments

Financial assets and financial liabilities are recognised when a [*reporting unit*] entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.17 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 ‘Financial Instruments: Recognition and Measurement’ permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.17 Financial assets (cont'd)

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.17 Financial assets (cont'd)
Impairment of financial assets (cont'd)

units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.18 Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities. Financial liabilities are recognised and derecognised upon ‘trade date’.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 ‘Financial Instruments: Recognition and Measurement’ permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other gains and losses’ line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.19 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.20 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Computer software is recognised as an asset in accordance with the requirement of AASB 116. This asset is carried at cost less any accumulated depreciation and any accumulated impairment loss.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

1.20 Land, Buildings, Plant and Equipment (cont'd)

Depreciation (cont'd)

Depreciation rates applying to each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and Equipment	7.5 - 40%
Furniture, Fixtures and Fittings	5 - 40%
Motor Vehicles	22.5%
Office Equipment	18 - 37.5%
Computer Equipment	40%
Computer Software	40%
Leasehold Improvements	2.5 - 4%

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

Derecognition

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income

1.21 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.22 Intangibles

An internally-generated intangible asset arising from the Association's development such as Training development and website costs is recognised only if the Association can demonstrate all of the following conditions in accordance with AASB 138 Intangible Assets:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the probability that the asset created will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development

The Association's internally-generated intangibles are amortised on a straight-line basis over its estimated useful life of three years. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the statement of comprehensive income in the period in which it is incurred.

The estimated useful lives and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Any impairment losses are recognised in the Statement of Comprehensive Income in accordance with the requirements of AASB 136 Impairment of Assets.

For website costs, the requirements of AASB Interpretation 132 Website costs have been complied with.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.23 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.23 Impairment for non-financial assets (cont'd)

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the [*reporting unit*] were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.24 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.25 Taxation

The Association as an "Association of Employers" is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Some subsidiaries however, that fall under the control of the Association are for profit entities that are subject to income tax. The relevant tax treatments for these entities are set out below.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

1.25 Taxation (cont'd)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.26 Fair value measurement

The reporting unit measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

-In the principal market for the asset or liability, or

-In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the [*reporting unit*].The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1.26 Fair value measurement (cont'd)

The reporting unit uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the [reporting unit] determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the [reporting unit] has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2016, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of National Electrical Contractors Association – National Office.

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$

Note 3 Income

Note 3A: Capitation fees

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
NSW Chapter	**355,259**	322,976	**355,259**	322,976
VIC Chapter	**312,333**	331,970	**312,333**	331,970
WA Chapter	**171,773**	177,684	**171,773**	177,684
SA Chapter	**94,306**	87,052	**94,306**	87,052
ACT Chapter	**28,088**	29,744	**28,088**	29,744
TAS Chapter	**13,796**	11,416	**13,796**	11,416
Total capitation fees	**975,555**	**960,842**	**975,555**	960,842

Note 3B: Interest

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Deposits	**324,236**	385,099	**32,000**	36,699
Loans	**-**	-	**-**	-
Total interest	**324,236**	385,099	**32,000**	36,699

Note 3C: Grants or donations

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Grants	**2,014,742**	1,586,048	**-**	-
Donations	**-**	-	**-**	-
Total grants or donations	**2,014,742**	1,586,048	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 4 Expenses

Note 4A: Employee expenses

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Holders of office:				
Wages and salaries	**228,833**	237,634	**228,833**	237,634
Superannuation	**21,739**	22,575	**21,739**	22,575
Leave and other entitlements	**2,246**	20,588	**2,246**	20,588
Separation and redundancies	**-**	-	**-**	-
Other employee expenses	**-**	-	**-**	-
Subtotal employee expenses holders of office	**252,818**	280,797	**252,818**	280,797
Employees other than office holders:				
Wages and salaries	**51,000,820**	48,432,501	**475,380**	405,000
Superannuation	**4,727,999**	4,431,018	**45,161**	42,222
Leave and other entitlements	**(23,358)**	(6,530)	**(7,257)**	14,884
Separation and redundancies	**-**	12,088	**-**	12,088
Other employee expenses	**520,491**	867,434	**40,310**	30,997
Subtotal employee expenses employees other than office holders	**56,225,952**	53,736,511	**553,594**	505,192
Total employee expenses	**56,478,770**	54,017,308	**806,412**	785,989

Note 4B: Affiliation fees

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Australian Chamber of Commerce & Industry	**41,379**	39,967	**41,379**	39,967
North Sydney Forum	**2,000**	2,000	**2,000**	2,000
NECA USA	**731**	647	**731**	647
Other	**1,372**	-	**1,372**	-
Total affiliation fees/subscriptions	**45,482**	42,614	**45,482**	42,614

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 4C: Administration expenses

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Consideration to employers for payroll deductions	**-**	-	**-**	-
Compulsory levies				
Fees/allowances - meeting and conferences	**-**	-	**-**	-
Apprentice Costs (other than Salaries)	**929,338**	700,215	**-**	-
Conference and meeting expenses	**693,884**	128,764	**600,885**	35,104
Contractors/consultants	**194,637**	239,697	**87,715**	110,681
Directors Remuneration	**120,000**	110,333	**-**	-
Property expenses	**234,324**	274,535	**52,462**	52,713
Office expenses	**1,228,703**	515,408	**21,167**	22,182
Information communications technology	**406,220**	396,948	**71,994**	72,761
Management Fees	**134,318**	142,043	**-**	-
Motor Vehicle Expenses	**158,343**	161,111	**-**	-
Training	**557,946**	495,596	**1,518**	-
Travel & Accommodation	**99,261**	108,791	**51,084**	59,128
Other	**1,045,561**	1,061,408	**68,601**	56,847
Subtotal administration expense	**5,802,535**	4,334,849	**955,426**	409,416
Operating lease rentals:				
Minimum lease payments	**61,207**	91,301	**-**	-
Total administration expenses	**5,863,742**	4,425,150	**955,426**	**409,416**

Note 4D: Depreciation and amortisation

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Depreciation				
Land & buildings	**110,440**	131,266	**-**	-
Property, plant and equipment	**375,624**	406,076	**4,548**	6,056
Total depreciation	**486,064**	537,342	**4,548**	6,056
Amortisation				
Intangibles	**17,692**	17,597	**-**	-
Total amortisation	**17,692**	17,597	**-**	-
Total depreciation and amortisation	**503,756**	554,939	**4,548**	6,056

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 4E: Finance costs				
Finance leases	**-**	-	**-**	-
Overdrafts/loans	**37,008**	380	**-**	-
Unwinding of discount	**-**	-	**-**	-
Total finance costs	**37,088**	380	**-**	-

Note 4F: Legal costs				
Litigation	**-**	-	**-**	-
Other legal matters	**71,940**	(4,855)	**10,869**	(11,256)
Total legal costs	**71,940**	(4,855)	**10,869**	(11,256)

Note 4G: Net losses from sale of assets				
Land and buildings	**-**	-	**-**	-
Plant and equipment	**86,295**	86,673	**-**	-
Intangibles	**-**	-	**-**	-
Total net losses from asset sales	**86,295**	86,673	**-**	-

Note 4H: Other expenses				
Advertising & Promotion	**464,864**	443,767	**833**	56,426
Bad Debts	**348,678**	111,599	**-**	-
Doubtful Debts	**(91,493)**	20,787	**-**	-
Excellence Awards Expenses	**159,858**	150,031	**159,858**	150,031
Loss on write off of investment in associate	**-**	-	**-**	-
Project Expenses	**308,493**	3,379,103	**308,493**	3,379,100
Penalties - via RO Act or RO Regulations	**-**	-	**-**	-
Total other expenses	**1,190,400**	4,105,287	**469,184**	3,585,557

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 5 Current Assets				
Note 5A: Cash and Cash Equivalents				
Cash at bank	**4,709,777**	3,412,049	**316,394**	428,427
Cash on hand	**324**	800	**-**	-
Short term deposits	**2,434,574**	2,559,351	**-**	-
Total cash and cash equivalents	**7,144,675**	5,972,200	**316,394**	428,427
Note 5B: Trade and Other Receivables				
Receivables from other reporting units				
New South Wales Chapter	**2,601**	263	**-**	-
Victorian Chapter	**3,764**	10,603	**-**	589
Queensland Chapter	**4,888**	9,626	**4,888**	9,626
Western Australian Chapter	**-**	-	**-**	-
South Australian Chapter	**25,934**	23,939	**25,934**	23.939
Australian Capital Territory Chapter	**-**	-	**-**	-
Tasmanian Chapter	**400**	3,593	**400**	3,139
Total receivables from other reporting units	**37,587**	48,024	**31,222**	37,293
Less provision for doubtful debts	**-**	-	**-**	-
Total provision for doubtful debts	**-**	-	**-**	-
Receivable from other reporting units	**37,587**	**48,024**	**31,222**	37,296
Other receivables:				
GST receivable from the Australian Taxation Office	**-**	-	**-**	-
Trade receivables	**6,915,889**	7,941,317	**15,034**	519,605
Other trade receivables	**882,079**	582,922	**67,393**	95,996
Total other receivables	**7,797,968**	8,524,240	**82,427**	615,602
Total trade and other receivables (net)	**7,835,555**	8,572,264	**113,649**	652,898
Note 5C: Other Current Assets				
Financial assets held as available for sale investments. [1.]	**1,917,051**	1,848,136	**-**	-
Financial assets held to maturity [2].	**5,687,057**	4,418,047	**987,057**	959,038
Total other current assets	**7,604,108**	6,266,183	**987,057**	959,038

1. The financial investments are reflected at market value.
These investments are made in liquid funds and the banks provide advice as to the investment strategy. These mainly relate to investments in managed funds, equity shares and cash. The financial assets have been classified as available for sale, as these investments are not held for short term gains, or have fixed payments, and are neither held to maturity.

2. Financial assets held to maturity are held as term deposits with major banks

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 6 Non-current Assets

Note 6A: Land and buildings

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Land and buildings:				
fair value	**9,207,189**	9,575,011	**-**	-
accumulated depreciation	**(126,804)**	(131,266)	**-**	-
Total land and buildings	**9,080,385**	9,443,745	**-**	-

Reconciliation of the Opening and Closing Balances of Land and Buildings

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
As at 1 July				
Gross book value	**9,575,011**	12,295,770	**-**	-
Accumulated depreciation and impairment	**(131,266)**	(118,213)	**-**	-
Net book value 1 July	**9,443,745**	12,177,157	**-**	-
Additions:				
By purchase	**416,359**	5,071	**-**	-
From acquisition of entities (including restructuring)	**-**	-	**-**	-
Revaluations	**(669,279)**	(699,781)	**-**	-
Impairments	**-**	-	**-**	-
Depreciation expense	**(110,440)**	(131,266)	**-**	-
Other movement]	**-**	-	**-**	-
Disposals:				
From disposal of entities (including restructuring)	**-**	-	**-**	-
Other	**-**	(1,907,836)	**-**	-
Net book value 30 June	**9,080,385**	9,443,745	**-**	-
Net book value as of 30 June represented by:				
Gross book value	**9,207,189**	9,575,011	**-**	-
Accumulated depreciation and impairment	**(126,804)**	(131,266)	**-**	-
Net book value 30 June	**9,080,385**	9,443,745	**-**	-

The formal valuation was performed by Charter Keck Cramer on 8 July 2016 adopting a 'Depreciated Replacement Cost' Approach.

The Lygon Street property has been used as security for a bank overdraft with the Commonwealth Bank of $1 million. At 30 June 2016, the balance of the overdraft was $nil (2015: $nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 6 Non-current Assets (cont'd)
Note 6A: Land and buildings (cont'd)

Fair value of Land & Buildings

For the Land & Buildings carried at fair value, the following fair valuations have been carried out:

Entity	Fair Value as per independent valuation	Year of revaluation	Type of Valuation	Valuation method
NECA Education and Careers ,Lygon Street	8,580,000	2016	Independent Valuation	"Direct Comparison Approach" for Land and Depreciated replacement costs for Building
ECA Training Pty Ltd	530,000	2014	Independent Valuation	"Capitalisation of net income, Direct Comparision approach.

NECA Education and Careers

The formal valuation was performed by Charter Keck Cramer on 8 July 2016 adopting a 'Depreciated Replacement Cost' Approach.

The result was the Lygon Street property being valued at $8.58m.

ECA Training Pty Ltd

Fair value of ECA Training Pty Ltd property was determined using the Capitalisation of net income and Direct Comparison method. This means that valuations performed by the valuer are based on active market prices adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 9th April 2014, the properties fair value are based on valuations performed by Ronil Besele (Certified Practising Valuer) from Herron Todd White in Canberra.

The split of the value between land and buildings is disclosed in the table below:

	Land	Buildings	Total
	$000	$000	$000
Lygon Street	4,000	4,580	8,580
ECA Training	-	530	530
	4,000	5,110	9,110

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 6 Non-current Assets (cont'd)
Note 6A: Land and buildings (cont'd)

The Lygon Street Property has been used as a security for a bank overdraft with the Commonwealth Bank of $1m. As at 30 June 2016 the balance of the overdraft was $nil (2015:$nil).

The following table provides an analysis of the land and buildings that are measured at fair value, by fair value hierarchy:

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value	**$**	**$**	**$**	**$**
Land- Lygon Street	Jul-16		4,000,000	
Building- Lygon Street	Jul-16		4,580,000	
Land & Building Yallourn Street, Fyshwick	Apr-14		530,000	

	Consolidated		**Parent**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 6B: Plant and equipment				
Plant and equipment:				
at cost	**1,686,454**	1,951,478	**100,761**	100,761
accumulated depreciation	**(838,614)**	(778,400)	**(95,739)**	(91,191)
Total plant and equipment	**847,840**	1,173,078	**5,022**	9,570

Reconciliation of the Opening and Closing Balances of Plant and Equipment

As at 1 July				
Gross book value	**1,951,478**	4,623,828	**101,974**	101,974
Accumulated depreciation and impairment	**(778,400)**	(3,182,874)	**(91,191)**	(94,517)
Net book value 1 July	**1,173,078**	1,440,954	**9,570**	7,457
Additions:				
By purchase	**97,918**	335,217	**-**	8,165
From acquisition of entities (including restructuring)	**-**	-	**-**	-
Impairments	**-**	-	**-**	-
Depreciation expense	**(375,624)**	(406,076)	**(4,548)**	(6,060)
Other movement	**-**	-	**-**	-
Disposals:				
From disposal of entities (including restructuring)	**-**	-	**-**	-
Other	**(47,532)**	(197,017)	**-**	-
Net book value 30 June	**847,840**	1,173,078	**5,022**	9,562
Net book value as of 30 June represented by:				
Gross book value	**1,686,454**	1,951,478	**100,761**	100,757
Accumulated depreciation and impairment	**(838,614)**	(778,400)	**(95,739)**	(91,191)
Net book value 30 June	**847,840**	1,173,078	**5,022**	9,570

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 6C: Intangibles

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Computer software at cost:				
internally developed	**70,385**	70,385	**-**	-
Purchased	**-**	-	**-**	-
accumulated amortisation	**(68,431)**	(50,739)	**-**	-
Total intangibles	**1,954**	19,646	**-**	-

Reconciliation of the Opening and Closing Balances of Intangibles

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
As at 1 July				
Gross book value	**70,385**	116,050	**-**	-
Accumulated amortisation and impairment	**(50,739)**	(78,808)	**-**	-
Net book value 1 July	**19,646**	37,242	**-**	-
Additions:				
By purchase	**-**	-	**-**	-
From acquisition of entities (including restructuring)	**-**	-	**-**	-
Impairments	**-**	-	**-**	-
Amortisation	**(17,692)**	(17,596)	**-**	-
Other movements [*give details below*]	**-**	-	**-**	-
Disposals:				
From disposal of entities (including restructuring)	**-**	-	**-**	-
Other	**-**	-	**-**	-
Net book value 30 June	**1,954**	19,646	**-**	-
Net book value as of 30 June represented by:				
Gross book value	**70,385**	70,385	**-**	-
Accumulated amortisation and impairment	**(68,431)**	(50,739)	**-**	-
Net book value 30 June	**1,954**	19,646	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated 2016	Consolidated 2015	Parent 2016	Parent 2015
Note 6D: Other Investments	**$**	$	**$**	$
Deposits	**-**	-	**-**	-
Other	**-**	-	**108**	104
Total other investments	**-**	-	**108**	104
(a) Other investments				
Subsidiary - NECA Education & Careers Ltd b)	**-**	-	**-**	-
Subsidiary - NECA Legal Pty Ltd	**-**	-	**100**	100
Subsidiary – NECA Trade Services Pty Ltd	**-**	-	**4**	-
Subsidiary - ECA Training Pty Ltd	**-**	-	**2**	2
Subsidiary - Australian Cabler Registration Service Pty Ltd	**-**	-	**2**	2
Subsidiary - NECA Training Ltd (b)	**-**	-	**-**	-
	-	-	**108**	104

	Consolidated 2016	Consolidated 2015	Parent 2016	Parent 2015
Note 6E: Other Non-current Assets				
Deferred Tax Assets	**280,296**	285,987	**-**	-
Other	**-**	-	**-**	-
Total other non-financial assets	**280,296**	285,987	**-**	-

Income Tax

Australian Cabler Registration Pty Ltd (ACRS) is the only tax paying entity within the consolidated group. The income tax expense for the consolidated group is calculated as follows:

	Consolidated 2016	Consolidated 2015	Parent 2016	Parent 2015
(1) Primafacie Tax on profit/(loss) from ordinary activities before income tax at 30% (2015: 30%) (ACRS Profit for 2016: $50,172 2015: Profit $23,952)	**(15,052)**	(7,186)	**-**	-
- Over provision of tax from prior periods	**-**	2,983	**-**	-
- Other non deductable expenses	**-**	6,055	**-**	-
Income tax attributable to the entity	**(15,052)**	1,852	**-**	-
(2) The components of tax expense comprise:	**-**	-		
- Current tax expense	**15,052**	-	**-**	-
- Deferred tax expense	**-**	1,852	**-**	-
Aggregate income tax benefit/(expense)	**15,052**	1,852	**-**	-
(3) Deferred Tax Asset balance				
This balance comprises temporary differences attributable to:				
- Accruals	**2,340**	2,340	**-**	-
- Deferred income	**260,926**	244,783	**-**	-
- Differential on depreciation of property, plant and equipment	**4,764**	4,787	**-**	-
- Provisions	**12,266**	11,075	**-**	-
- Tax losses	**0**	23,002	**-**	-
Total deferred tax asset balance	**280,296**	285,987	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 7 Current Liabilities

Note 7A: Trade payables

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade creditors and accruals	**2,404,209**	2,331,736	**101,589**	456,715
Subtotal trade creditors	**2,466,766**	2,331,736	**101,589**	456,715
Payables to other reporting units				
New South Wales Chapter	**62,567**	4,815		
Victorian Chapter	**126,129**	214,840	**-**	-
Queensland Chapter	**-**	-	**-**	-
Tasmanian Chapter	**600**	-	**-**	-
Subtotal payables to other reporting units	**189,296**	219,655	**-**	-
Total trade payables	**2,593,505**	2,551,391	**101,589**	456,715

Settlement is usually made within 30 days.

Note 7B: Other payables

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Consideration to employers for payroll deductions	**-**	-	**-**	-
Legal costs	**-**	-	**-**	-
Prepayments received/unearned revenue	**523,122**	710,136	**8,948**	230,383
GST payable	**315,186**	396,189	**11,132**	36,878
Other	**1,711,300**	1,218,977	**21,770**	47,388
Total other payables	**2,549,608**	2,325,302	**41,850**	314,648
Total other payables are expected to be settled in:				
No more than 12 months	**2,549,608**	2,325,302	**41,850**	314,648
More than 12 months	**-**	-	**-**	-
Total other payables	**2,549,608**	2,325,302	**41,850**	314,648

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$

Note 8 Provisions

Note 8A: Employee Provisions

	2016 $	2015 $	**2016 $**	2015 $
Office Holders:				
Annual leave	**21,620**	20,588	**21,620**	20,588
Long service leave	**2,304**	1,090	**2,304**	1,090
Separations and redundancies	**-**	-	**-**	-
Other	**-**	-	**-**	-
Subtotal employee provisions—office holders	**23,924**	21,678	**23,924**	21,678
Employees other than office holders:				
Annual leave	**2,698,313**	2,734,038	**9,212**	20,914
Long service leave	**358,530**	386,577	**34,461**	27,713
Separations and redundancies	**-**	-	**-**	-
Other	**482,747**	454,902	**9,165**	11,499
Subtotal employee provisions—employees other than office holders	**3,539,590**	3,575,517	**52,868**	60,126
Total employee provisions	**3,563,514**	3,597,195	**76,792**	81,803
Current	**3,499,724**	3,516,084	**70,806**	78,897
Non Current	**63,790**	81,111	**5,986**	2,906
Total employee provisions	**3,563,514**	3,597,195	**76,792**	81,803

Note 9 Non-current Liabilities
Note 9A: Other non-current liabilities

	2016 $	2015 $	**2016 $**	2015 $
Other non-current liabilities	**382,077**	352,302	-	**-**
Total other non-current liabilities	**382,077**	352,302	-	**-**

Note 10 Equity
Note 10A: Funds

	2016 $	2015 $	**2016 $**	2015 $
Asset Revaluation Reserve				
Balance as at start of year	**2,239,556**	2,939,336	**-**	-
Gain/(Loss) on revaluation of land and buildings	**(669,280)**	(699,780)	**-**	-
Transferred out of reserve	**-**	-	**-**	-
Balance as at end of year	**1,570,276**	2,239,556	**-**	-
Total Reserves	**1,570,276**	2,239,556	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 11 Cash Flow

Note 11A: Cash Flow Reconciliation

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Reconciliation of profit/(deficit) to net cash from operating activities:				
Profit/(deficit) for the year	**1,528,182**	1,440,681	**5,124**	12,475
Adjustments for non-cash items				
Depreciation/amortisation	**503,756**	554,939	**4,548**	6,056
Bad Debts/Doubtful Debts written off	**257,185**	132,386	**-**	-
Loss on write off	**-**	-	**-**	-
Gain on disposal of assets	**73,585**	(20,000)	**-**	-
Income tax expense	**15,052**	1,852		
Changes in assets/liabilities				
(Increase)/decrease in net receivables	**411,029**	(1,914,515)	**539,249)**	(406,753)
(Increase)/decrease in prepayments	**56,965**	-	**-**	-
Increase/(decrease) in supplier payables	**(87,114)**	(101,116)	**(355,126)**	243,296
Increase/(decrease) in other payables	**389,199**	(61,282)	**(272,798)**	(545,562)
Increase/(decrease) in employee provisions	**(33,680)**	(37,409)	**(5,011)**	19,206
Increase/(decrease) in other provisions	**(15,052)**	-	**-**	-
Net cash from (used by) operating activities	**3,099,107**	(4,464)	**(84,014)**	(671,282)

Note 11B: Cash flow information

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Cash inflows				
New South Wales Chapter	**550,609**	788,686	**473,366**	501,221
Victoria Chapter	**416,310**	789,483	**416,310**	450,836
Queensland Chapter	**113,011**	123,945	**112,359**	118,205
Western Australian Chapter	**55,516**	264,093	**245,599**	264,093
South Australian Chapter	**133,995**	135,126	**133,995**	135,126
Australian Capital Territory Chapter	**55,516**	55,597	**55,516**	55,294
Tasmanian Chapter	**32,976**	59,496	**32,976**	30,553
Total cash inflows	**1,357,933**	2,216,426	**1,470,121**	1,555,328
Cash outflows				
New South Wales Chapter	**631,146**	1,103,957	**122,512**	558,894
Victorian Chapter	**255,120**	1,592,744	**167,388**	1,511,016
Queensland Chapter	**288,759**	178,387	**112,359**	625
Western Australian Chapter	**29,462**	358,850	**29,462**	270,130
South Australian Chapter	**15,000**	270,130	**15,000**	358,850
Australian Capital Territory Chapter	**4,435**	-	**4,000**	-
Tasmanian Chapter	**2,600**	1,020	**2,000**	360
Total cash outflows	**1,226,522**	3,505,088	**452,721**	2,699,875

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and Contingencies

Operating lease commitments—as lessee

The reporting unit has an operating lease commitment in respect of its motor vehicle fleet. Future minimum rentals payable under non-cancellable operating lease as at 30 June are as follows:

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Within one year	**56,063**	63,381	**-**	-
After one year but not more than five years	**66,767**	67,393	**-**	-
More than five years	**-**	-	**-**	-
	122,830	130,774	**-**	-

Financial Support

NECA National Office has provided a letter of financial support to ACRS Pty Ltd, NECA Legal Pty Ltd, NECA Trade Services Pty Ltd and NECA Training Limited to repay their debts should they fail to repay them.

NECA National Office repaid $150,000, in June 2016, in total to State Chapters NSW, VIC, QLD, SA, WA, ACT and TAS which was to supplement working capital needs as NECA National Office ran a conference in South Africa in April 2016. This had been received in the form of a short term loans in April 2015 ($70,000) and August 2015 ($80,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 13 Related Party Disclosures

Note 13A: Related Party Transactions for the Reporting Period

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Revenue received from other reporting units includes:

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Capitation Fees				
NSW Chapter	**355,259**	332,976	**355,259**	332,976
VIC Chapter	**312,333**	331,970	**312,333**	331,970
WA Chapter	**171,773**	177,684	**171,773**	177,684
SA Chapter	**94,306**	87,052	**94,306**	87,052
ACT Chapter	**28,088**	29,744	**28,088**	29,744
TAS Chapter	**13,796**	11,416	**13,796**	11,416
Total Capitation Fees	**975,555**	960,842	**975,555**	960,842
Grants Received				
NSW Chapter	**-**	-	-	-
Total Grants Received	**-**	-	-	-
Other Revenue/Other Income				
NSW Chapter	**158,763**	235,942	**93,919**	123,856
VIC Chapter	**25,626**	393,962	**885**	66,641
QLD Chapter	**103,701**	108,039	**103,454**	108,039
WA Chapter	**52,851**	70,036	**52,851**	70,036
SA Chapter	**22,060**	32,357	**22,060**	32,357
ACT Chapter	**20,566**	19,865	**20,566**	19,865
TAS Chapter	**12,786**	39,789	**12,786**	16,453
Total Other Income	**396,353**	899,990	**306,521**	437,247
Total Revenue received from Other Reporting Units	**1,371,908**	1,860,832	**1,282,076**	1,398,089

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 13 Related Party Disclosures (cont'd)

Note 13A: Related Party Transactions for the Reporting Period (cont'd)

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Expenses paid to the following related parties includes:				
NSW Chapter	**562,354**	940,173	**66,854**	1,373,651
VIC Chapter	**167,845**	1,443,969	**112,171**	507,695
QLD Chapter	**146,887**	163,731	**6,460**	163,731
WA Chapter	**29,238**	245,573	**29,238**	245,573
SA Chapter	**-**	326,227	**-**	326,227
ACT Chapter	**395**	-	**-**	-
TAS Chapter	**545**	927	**-**	327
Total Expenses paid to Related Parties	**907,264**	3,120,600	**214,722**	2,454,041

Amounts owed by related parties:

Refer to Note 5B for amounts owed by related parties

Amounts owed to related parties:

Refer to Note 7A for amounts owed to related parties

Loans from NECA NSW includes the following:

Loan to NECA Legal Pty Ltd	**607,458**	607,458
Loan to NECA Training Pty Ltd	**305,000**	150,000
Loan to NECA Trade Services Pty Ltd	**300,000**	-

Assets transferred from/to related parties includes the following:

There were no assets transferred from/to related parties during the financial year (2015: $nil)

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2016, the Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body(2015: $Nil).
This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 13 Related Party Disclosures (cont'd)
Note 13A: Related Party Transactions for the Reporting Period (cont'd)

Loans repaid to Chapters from NECA National:

NSW Chapter	50,000
VIC Chapter	44,000
QLD Chapter	8,000
SA Chapter	15,000
WA Chapter	27,000
ACT Chapter	4,000
TAS Chapter	2,000
Total	**150,000**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the yearend are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2016, the Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2015: $Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The loans provided to NECA National for working capital receive a rate of interest of 0% as NECA National Office is running the conference in April 2016 on behalf of all State Chapter in May 2016 assuming the financial success of the loan otherwise will only repaid proportionately.

	Consolidated		**Parent**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 13B: Key Management Personnel Remuneration for the Reporting Period				
Short-term employee benefits				
Salary (including annual leave taken)	**1,376,343**	799,015	**228,833**	237,634
Annual leave accrued	**21,620**	20,588	**21,620**	20,588
Directors Remuneration	**120,000**	110,333	**-**	-
Performance bonus	**-**	-	**-**	-
Total short-term employee benefits	**1,517,963**	929,936	**250,453**	258,224
Post-employment benefits:				
Superannuation	**123,987**	77,113	**21,739**	22,575
Total post-employment benefits	**123,987**	77,113	**21,739**	22,575
Other long-term benefits:				
Long-service leave	**2,304**	1,090	**2,304**	1,090
Total other long-term benefits	**2,304**	1,090	**2,304**	1,090
Termination benefits	**-**	-	**-**	-
Total	**1,644,254**	1,008,139	**274,496**	281,889

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 13 Related Party Disclosures (cont'd)

Note 13C: Transactions with key management personnel and their close family members

Committee members, directors and their related entities are able to use the services provided by the National Electrical Contractors Association. Such services are made available on terms and conditions no more favourable than those available to other members.

The following transactions occurred with key management personnel within Consolidated Entity (ECA Training Pty Ltd):	*Debtors/ (Creditors)*	*Income/ (Expenses)*
J. Tinslay – JCT Advisory	-	(440)
M. Brame – Delta Elcom Pty Limited	23,098	290,229
P. Fitzpatrick – Stowe Australia Pty Limited	932,117	10,000,834 (265)
P. Murray – P M Electric Pty Limited	152,379	1,084,357
R. Easthorpe – Heyday5 Pty Limited	109,664	649,030
S. Kerfoot – Kerfoot Electric Pty Limited	36,587	732,694
R. Houlahan – Downer EDI Engineering	37,722	317,137
T. Emeleus – General Manager – E-oz Energy Skills	(860)	2,297 (14,760)

Note 14 Remuneration of Auditors

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Value of the services provided				
Crowe Horwath				
Audit of NECA National & ACRS	**48,580**	46,935	**39,996**	39,350
Other services	**4,500**	4,000	**-**	-
Moore Stephens				
Audit of NECA Training Ltd, NECA Legal P/L & ECA Training P/L	**33,804**	23,016	**-**	-
Other services	**11,858**	15,470	**-**	-
Stannards				
Audit of NECA Education & Careers	**21,500**	21,000	**-**	-
Other services	**-**	-	**-**	-
Total remuneration of auditors	**120,242**	110,421	**39,996**	39,350

Other services provided by the auditors related to tax compliance and consulting services in relation to consolidation of accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 15 Financial Instruments

The main risks the reporting unit and it's controlled entities are exposed to, through its financial instruments, are credit risk, liquidity risk and market risk consisting of interest rate risk, and equity price risk.

The reporting unit and it's controlled entities financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139, as detailed in the accounting policies to these financial statements, are as follows:

Categories of Financial Instruments

	Note	Consolidated 2016 $	2015 $
Financial Assets			
Cash and cash equivalents	5A	**7,144,675**	5,972,200
Available for sale financial assets	5C	**1,917,051**	1,848,136
Financial assets held to maturity	5C	**5,687,057**	4,418,047
Trade and other receivables	5B	**7,835,555**	8,572,264
Total financial assets		**22,584,338**	20,810,64
Financial Liabilities			
Financial liabilities at amortised cost			
Trade payables	7A	**2,593,505**	2,551,391
Other payables	7B	**2,549,608**	2,325,302
Bank overdraft		**-**	-
Total financial liabilities		**5,143,113**	4,876,693

Financial risk management policies

The Committee of Management has overall responsibility for the establishment of the Association's financial risk management framework. This includes the development of policies covering specific areas such as, interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities.

The day-to-day risk management is carried out at an individual chapter/subsidiary level under policies and objectives which have been approved by the Committee of Management. Each Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate movements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 15 Financial Instruments (cont'd)

The Committee of Management receives monthly reports which provide details of the effectiveness of the processes and policies in place.

National Electrical Contractors Association (NECA) does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

Note 15A: Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Association and arises principally from the Association's receivables.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

The Association has no significant concentration of credit risk with any single counterparty or Association of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5B.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5B.

Note 15B: Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, the Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 15C: Liquidity Risk - financial liability and asset maturity analysis

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Financial liability maturity analysis - Non-derivative

Consolidated	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$	$	**$**	$	**$**	$	**$**	$
Financial liabilities due for payment								
Trade and other payables	**5,143,113**	4,876,693	**-**	-	**-**	-	**5,143,113**	4,876,693
Bank overdraft	**-**	-	**-**	-	**-**	-	**-**	-
Total contractual outflows	**5,143,113**	4,876,693	**-**	-	**-**	-	**5,143,113**	4,876,693

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Note 15D: Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments held within the Association will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The exposure to market risk is a result of the asset allocation strategy prescribing investments across certain asset classes. The Association is only exposed to interest rate risk and other price risk as detailed below.

The Association's financial instruments portfolio as impacting market risk:

	Note	Consolidated 2016	2015
		$	**$**
Cash at bank @ floating rate	5A	**7,144,675**	5,972,200
Financial assets held as available for sale	5C	**1,917,051**	1,848,136
Financial assets held to maturity	5C	**5,687,057**	4,418,047
		14,748,783	12,238,383

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 15D: Market Risk (cont'd)

The available for sale financial assets are broken down into the following indirectly held investments:

	Consolidated				
2016	**Fixed Interest**	**Cash @ Floating Rate**	**Managed Investments**	**Equities**	**Total**
	$	**$**	**$**	**$**	**$**
ECA Training Pty Ltd	**-**	**205,897**	**1,392,869**	**318,285**	**1,917,051**
	-	**52,645**	**1,584,404**	**280,003**	**1,917,051**
2015					
ECA Training Pty Ltd	-	50,752	1,527,447	269,937	1,848,136
	-	50,752	1,527,447	269,937	1,848,136

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in market interest rates. The Association is affected by interest rate risk due to its directly held cash balances. The Association does not have any floating rate debt instruments for both 2016 and 2015. The exposure to interest rate risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Association.

Interest rate risk is measured and monitored by the calculation of the duration of the investment portfolios which approximates the percentage change in portfolio valuation from a percentage change in market interest rates.

It would normally be expected that floating rate cash instruments have a direct exposure to interest rate risk. However, because the cash investments in the Association's St George investment account are in the nature of a pooled investment scheme, it is the unit price of the scheme which reflects the value of the financial investment. On this basis, the sensitivity of changes to the unit price for these instrument investments is included below in note **(i):** 'Other Price Risk'.

Interest rate risk is measured and monitored by the calculation of the duration of the investment portfolios which approximates the percentage change in portfolio valuation from a percentage change in market interest rates. The only component of the financial instruments directly impacted by interest rates volatility for the purposes of quantifying the interest rate sensitivities are the cash holdings either within the individual portfolios or the master custodian accounts for the investment portfolio.

It would normally be expected that floating rate cash instruments have a direct exposure to interest rate risk. However, because the cash investments in the Association's St George's investment account are in the nature of a pooled investment scheme, it is the unit price of the scheme which reflects the value of the financial investment. On this basis, the sensitivity of changes to the unit price for these instrument investments is included below in note **(i)** Other Price Risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 15 Financial Instruments (cont'd)

Note 15D: Market risk (cont'd)

The following table illustrates sensitivities to the Association's exposure to changes in interest rates on its directly held cash balances. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated	
	Profit	Equity
	$	$
Year ended 30 June 2016		
+/- 2% in interest rates	**174,869**	**174,869**
Year ended 30 June 2015		
+/- 2% in interest rates	151,008	151,008

i. Other Price risk

A large proportion of the financial instrument investments held by the Association are exposed to other price risk as a result of the Association's exposure to equity securities (those indirectly held investments at available for sale via St George's investment account which are either held in domestic listed and unlisted shares or in managed investment schemes). Other price risk is the risk that the fair value or future cash flows of a financial investment may fluctuate because of the changes in market prices. The exposure to other price risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Association.

There is a fundamental financial relationship between risk and return. The investments are diversified across different risk profiles in return for commensurate returns in accordance with St George's strategic asset allocation policy, meaning that the other price risk exposure is understood.

Whilst equity markets are inherently volatile and not suitable for short-term investment, over the long-term, equity investments have proven to be a good source of inflation protection, through the achievement of high returns in real terms. To manage the price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with St George's strategic asset allocation policy).

The table below summarises the impact of increases/decreases of the abovementioned investment exposures on the Association's post tax profit for the year and on equity. The analysis is based on the assumption that the respective price indexes for the different asset classes may increase/decrease by the determined volatility factor with all other variables held constant and the financial instruments moving in accordance to the historical correlation with the indexes that the investments are exposed to.

Taking into account past performance, future expectations, economic forecasts, and Association's management's knowledge and experience of the financial markets, the impact on profit or loss and the impact on equity in the table below are 'reasonably possible' over the next 12 months if other price risk changes by the following volatility factors from the target benchmarks with all other variables, especially foreign exchange rates, held constant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 15 Financial Instruments (cont'd)

Note 15D: Market risk (cont'd)

	Consolidated	
	Profit	**Equity**
	$	**$**
Year ended 30 June 2016		
+/- 3% in RBA cash rate	**+/- 6,177**	**+/- 16,177**
+/- 5% in ASX All ordinaries Index	**+/- 85,558**	**+/- 85,558**
Year ended 30 June 2015		
+/- 3% in RBA cash rate	+/- 1,523	+/- 1,523
+/- 5% in ASX All ordinaries Index	+/- 89,869	+/- 89,869

Note 16: Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Consolidated	**2016**		**2015**	
	Net Carrying Value	**Net Fair value**	**Net Carrying Value**	**Net Fair value**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	**7,144,675**	**7,144,675**	5,972,200	5,972,200
Trade and other receivables	**7,835,555**	**7,835,555**	8,572,264	8,572,264
Investments at market value	**7,604,108**	**7,604,108**	6,266,183	6,266,183
Total financial assets	**22,584,338**	**22,584,338**	20,810,647	20,810,647
Financial liabilities				
Trade and other payables	**5,143,113**	**5,143,113**	4,876,693	4,876,693
Bank overdraft	**-**	**-**	-	-
Total financial liabilities	**5,143,113**	**5,143,113**	4,876,693	4,876,693

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 16 Fair value measurements (cont'd)

Note 16A: Fair Value of Financial Instruments
Fair value measurements categorised by fair value hierarchy—Consolidated

The following table provides an analysis of financial instruments that are measured at fair value, by valuation method.

The different levels are defined below:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly.

Level 3: Fair value derived from inputs that are not based on observable market data.

Fair value hierarchy for financial assets

	Level 1		Level 2		Level 3	
	2016	2015	**2016**	2015	**2016**	2015
Available for sale						
Cash	205,897	50,752	**-**	-	**-**	-
Managed Investments	1,392,869	1,527,447	**-**	-	**-**	-
Equities	318,285	269,937	**-**	-	**-**	-
Total	1,917,051	1,848,136	**-**	-	**-**	-

Note 16B: Capital Management

Capital is defined as the Association's total equity comprising retained earnings and the asset revaluation reserve. It is the Committee's policy to maintain a strong capital base so as to maintain member, stakeholder, creditor, market confidence and to sustain future development of the business. Capital management plays a central role in managing risk to create member value whilst also ensuring that the interests of all stakeholders including investors, policy holders, lenders and regulators are met.

Capital finances growth, capital expenditure and business plans and also provides support if adverse outcomes arise from health insurance, investment performance or other activities. The appropriate level of capital is determined by the Board on both regulatory and economic considerations.

There were no changes in the Association's approach to capital management during the year.

Note 16B: Net Income and Expense from Financial Assets

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Available for sale				
Interest revenue	**129,800**	192,241	**--**	-
Unrealised Losses	**-**	(55,874)	**--**	-
Net gain/(loss) from available for sale	**129,800**	136,367		**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 17 Investments in Subsidiaries and Associates

Interests are held in the following entities:

Name	Country of Incorporation	Ownership Interest*	
		2016	2015
		%	%
Subsidiaries:			
Australian Cabler Registration Service Pty Ltd (a)	Australia	**100**	100
NECA Education and Careers (b)	Australia	**100**	100
ECA Training Pty Ltd	Australia	**100**	100
NECA Training Ltd	Australia	**100**	100
NECA Legal Pty Ltd	Australia	**100**	100
NECA Trade Services Pty Ltd	Australia	**100**	100
Entities 50% owned but not consolidated:			
Elecnet (Australia) Pty Ltd (c)	Australia	**50**	50
Entities owned greater than 20% but not equity accounted for:			
Protect Services Pty Ltd (d)	Australia	**25**	25

(a) ACRS has been consolidated as NECA is the sole shareholder and has majority at the board, and therefore NECA controls ACRS.

(b) NECA Education and Careers Ltd is a NECA controlled entity for the purposes of the parent entity separate and consolidated group financial reports. NECA is the sole member of NECA Education and Careers Ltd and has the power to govern its financial and reporting policies. The constitution for NECA Education and Careers Ltd specifically prohibits any member from sharing in either the net income or net assets of the organisation even on wind-up. This is standard wording designed to ensure that NECA Education and Careers Ltd is entitled to enjoy income tax exemption status. Consequently, unless the constitution of NECA Education and Careers Ltd is changed and the company's tax status rescinded, at no time now or in the future will NECA be entitled to share in the financial performance of NECA Education and Careers Ltd in the usual parent / subsidiary relationship.

(c) Although NECA has 50% ownership, it does not have the majority on the board. In addition, the Scheme has been set up for the benefit of its members and not NECA. The purpose of the Scheme is for employer groups to contribute to the Scheme and hold monies in trust for its members until e.g. redundancies or terminations. No monies are distributed to NECA directly. Further, there is no risk to NECA of an unfunded Scheme position (contingent liability) given that employers are funding the scheme. Hence, there is neither control nor significant influence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 17 Investments in Subsidiaries and Associates (cont'd)

(d) Protect Services Pty Ltd has been set up for the benefits of its members and not NECA. The purpose of the Scheme is for employer groups to contribute to the Scheme and hold monies in trust for its members until e.g. redundancy and terminations. No monies are distributed to NECA directly. Further, there is no risk to NECA of an unfunded scheme position (contingent liability) given that employers are funding the scheme. Hence NECA does not have significant influence on this entity.

Note 18 Association Details

The principal place of business of the association is:

National Electrical Contractors Association – National Office
Level 4, 30 Atchison St
St Leonards NSW 1590

Note 19: Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or General Manager:

(1)A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2)The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3)A reporting unit must comply with an application made under subsection (1).

Note 20 Recovery of Wages Activity

There was no recovery of wage activity undertaken by the reporting unit during the financial year.

Note 21 Business Combinations

The reporting unit did not acquire any asset or liability during the financial year as a result of:

a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit forms part) was the amalgamated organisation; or

b) a restructure of the branches of the organisation; or

c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or

d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection

FairWork Commission

15 July 2016

Mr Suresh Manickam
National Secretary/CEO
The National Electrical Contractors Association
By email: necanat@neca.asn.au

Dear Mr Manickam,

Re: Lodgement of Financial Report - [FR2016/280]
***Fair Work (Registered Organisations) Act 2009* (the RO Act)**

The financial year of the National Electrical Contractors Association (the reporting unit) ended on 30 June 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Timelines

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement, Reporting Guidelines and other resources can be accessed through our website under Financial Reporting in the Compliance and Governance section.

Loans, grants and donations: our focus this year

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding $1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2016. A sample statement of loans, grants or donations is available at sample documents.

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding financial reporting timelines and loans, grants and donations.

It is requested that the financial report and any Statement of Loans, Grant or Donations be lodged electronically by emailing orgs@fwc.gov.au.

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Civil penalties may apply

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to $54,000 for a body corporate and $10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

Annastasia Kyriakidis
Adviser
Regulatory Compliance Branch

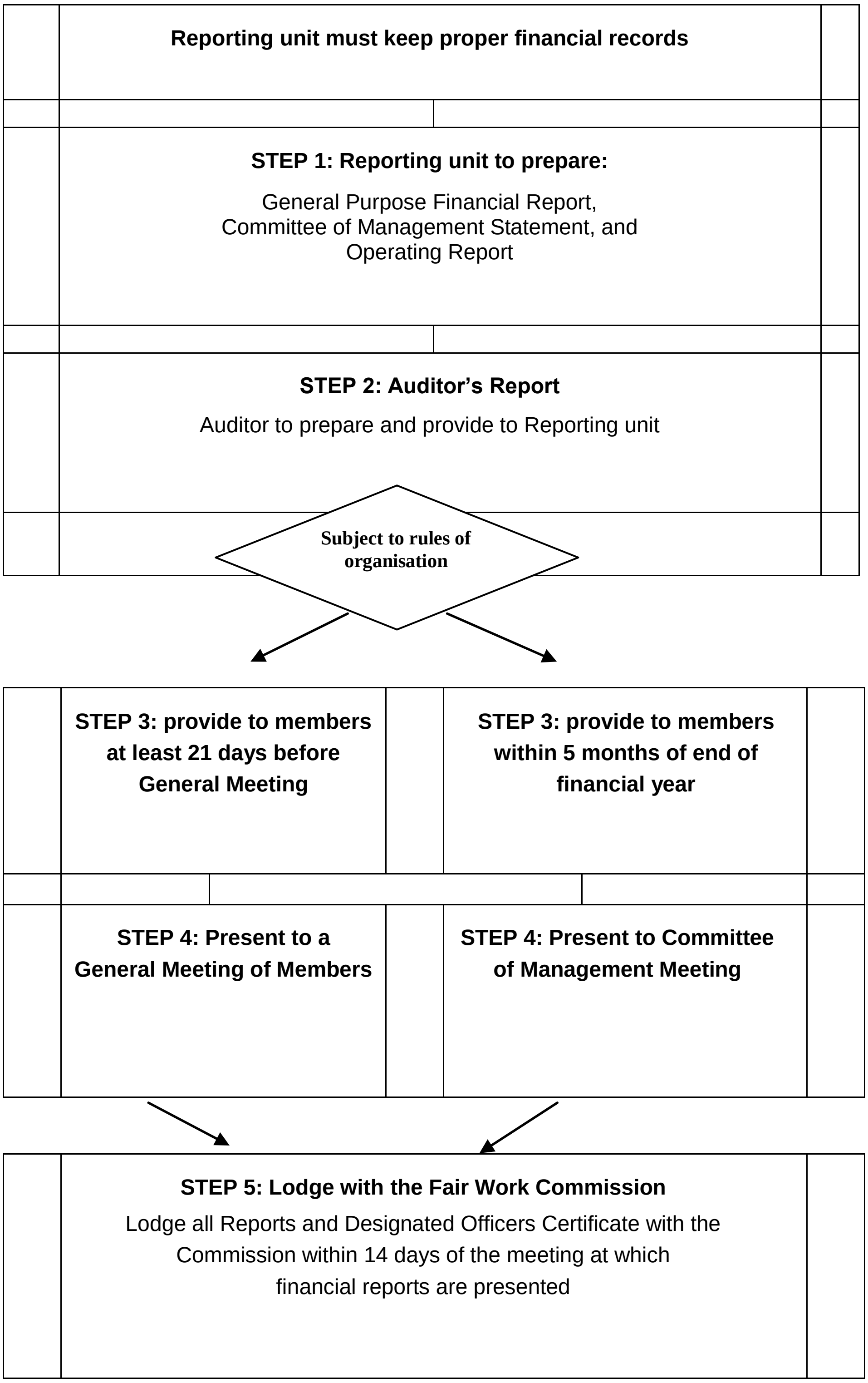
11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed $1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:

the amount,

the purpose,

the security (if it is a loan),

the name and address of the person to whom it was made,* and

the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a Template Loans, Grants and Donations Statement on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
✘ Only reporting units must lodge the Statement.	✓ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘ Employees can sign the Statement.	✓ The statement must be signed by an elected officer of the relevant branch.
✘ Statements can be lodged with the financial report.	✓ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the General Manager's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were $1000 or less and those that exceeded $1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the Commission's Model Statements the note appears as follows:

Note 4E: Grants or donations*

	2016	2015
Grants:		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
Donations:		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

> It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the Commission's website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au